

FILED
AUG 12 2016
INDIANA UTILITY
REGULATORY COMMISSION

BEFORE THE
INDIANA UTILITY REGULATORY COMMISSION

VERIFIED PETITION OF CITIZENS WASTEWATER)
OF WESTFIELD, LLC FOR (1) AUTHORITY TO)
INCREASE RATES AND CHARGES FOR)
WASTEWATER UTILITY SERVICE AND)
APPROVAL OF A NEW SCHEDULE OF RATES AND) CAUSE NO. 44835
CHARGES; AND (2) APPROVAL OF CERTAIN)
REVISIONS TO ITS TERMS AND CONDITIONS)
APPLICABLE TO WASTEWATER UTILITY)
SERVICE)

**VERIFIED PETITION FOR GENERAL RATE INCREASE AND ASSOCIATED
RELIEF UNDER INDIANA CODE § 8-1-2-42.7, NOTICE OF PROVISION OF
INFORMATION REQUIRED BY THE MINIMUM STANDARD FILING
REQUIREMENTS**

Citizens Wastewater of Westfield, LLC, (“Petitioner” or “Citizens Wastewater of Westfield”) respectfully petitions the Indiana Utility Regulatory Commission (“Commission”) for: (i) authority to increase its rates and charges for sewage disposal service rendered by it and approval of a new schedule of rates and charges applicable thereto; and (ii) approval of certain revisions to its terms and conditions for sewage disposal service. This filing is made pursuant to Indiana Code § 8-1-2-42.7. In accordance with the Commission’s Recommended Best Practices for Rate Cases (GAO 2013-5), Petitioner is contemporaneously submitting to the Commission working papers required by the Commission’s Rules on Minimum Standard Filing Requirements, 170 IAC 1-5-1 *et seq.* In support of its Verified Petition, Petitioner states as follows:

Nature of Petitioner and Regulatory Status

1. Petitioner is an Indiana limited liability company with its principal office at 2020 North Meridian Street, Indianapolis, Indiana 46202.

2. Petitioner is a public utility within the meaning of that term in the Indiana Public Service Commission Act, Indiana Code §§ 8-1-2-1 *et seq.*, and is subject to the jurisdiction of the Commission in the manner and to the extent provided by the laws of the State of Indiana.

3. Petitioner owns, operates, manages and controls plant, property and equipment used and useful to provide wastewater utility service to more than 11,000 customers in and around the City of Westfield, Indiana.

Petitioner's Present Rates and Charges

4. On October 5, 2013, in Cause No. 44273, Petitioner, the City of Westfield, Indiana and the Indiana Office of Utility Consumer Counselor (the "OUCC") presented a Stipulation and Settlement Agreement (the "Settlement Agreement") to the Commission, in which those parties, among other things, recommended the Commission find Petitioner's acquisition of the wastewater utility assets formerly owned by the City of Westfield to be in the public interest. On November 25, 2013, the Commission entered an Order approving the Settlement Agreement and finding, among other things, that the acquisition was in the public interest.

5. In its Order in Cause No. 44273, the Commission also authorized Petitioner's use of the rates and charges for services previously approved by the Common Council for the City of Westfield and the terms and conditions for the provision of sewage disposal service proposed by Petitioner as modified in the Settlement Agreement.

6. Petitioner's current base rates and charges were placed into effect on March 22, 2014 contemporaneous with closing of the acquisition of the wastewater utility assets in accordance with the Order in Cause No. 44273.

Petitioner's Operating Results Under Existing Rates

7. Since Petitioner's existing rates and charges for sewage disposal service were established, it has made and continues to make significant capital expenditures for additions, replacements and improvements to its utility properties.

8. Consequently, Petitioner's existing rates and charges are and will continue to be insufficient to produce revenues adequate to cover its necessary and reasonable operating expenses and provide it an opportunity to earn a reasonable return on pro forma rate base. Petitioner's existing rates and charges are therefore unjust, unreasonable, insufficient and confiscatory and should be increased.

9. Petitioner requests approval of an increase of its rates and charges for sewage disposal service that will enable it to realize net operating income adequate to provide safe, reliable, efficient and economical sewage disposal service and an opportunity to earn a reasonable return on utility properties used to provide such service. Petitioner requests approval of a new schedule of rates and charges reflecting the proposed increase.

10. In Cause No. 44273, the OUCC and Petitioner agreed in the Settlement Agreement that the net original cost of the wastewater utility plant that existed as of December 31, 2011, and conveyed to Petitioner should be deemed to be \$30,530,000. The OUCC and Petitioner further agreed Petitioner "should be allowed to earn a return on, but not of, a fair value increment of . . . \$17,040,000 for the wastewater utility" and this increment would be amortized over 40 years from the closing date of the acquisition and until the end of the amortization period, Petitioner would be authorized to earn a return on, but not of, the unamortized portion of the fair value increment.

11. Petitioner has placed in service after December 31, 2011, a significant amount of utility plant that is used and useful for the provision of sewage disposal service. For purposes of establishing its pro forma rate base in this proceeding, Petitioner has valued such plant at its original cost, less accumulated depreciation and reductions for contributed property, or \$10,700,127. The foregoing amount includes the following two major projects placed in service after December 31, 2015:

- a. 156th Street Interceptor Project -- Installation of approximately 1,400 lineal feet of 42 inch diameter and 3,600 lineal feet of 36 inch diameter PVC sanitary sewer lines and a lift station with two 15 horsepower pumps to service a portion of Petitioner's service territory bounded by 161st Street to north, U.S. 31 to the east, 146th Street to the south and Towne Road to the west. This project was placed in service on May 10, 2016 at an estimated final cost of \$3,291,158.
- b. Downtown Lift Station Project -- Construction of a new lift station with three 20.1 horsepower pumps with variable frequency drives and approximately 5,200 lineal feet of 16-inch diameter force main with approximately 2.6 MGD peak capacity that flows to Petitioner's Washington Woods lift station, as well as associated upgrades to three pumps at the Washington Woods lift station to accommodate the additional flows. This project was placed in service on February 1, 2016 at an estimated final cost of \$2,404,404.

12. The total value of Petitioner's pro forma rate base, including the stipulated amount of plant in service as of December 31, 2011, the stipulated fair value increment and the original cost of utility plant placed in service after December 31, 2011, less accumulated depreciation and reductions for contributed property, is \$55,188,021.

Proposed Test Year and Rate Base Cutoff Date

13. Pursuant to Rule 1-1.1-9(b) of the Commission's Rules (*i.e.*, 170 IAC 1-1.1-9(b)), Petitioner requests that the twelve months ending December 31, 2015, be used as the test year adjusted for changes that are fixed, known and measurable for ratemaking purposes and that occur within twelve (12) months following the end of the test year. Petitioner further requests

that December 31, 2015 be used as the rate base cutoff date. Further, Petitioner's rate base should be established and valued as provided by 170 IAC 1-5-5 of the Commission's Rules of Practice and Procedure.

Petitioner's Proposed Rates and Charges

14. Petitioner proposes, subject to the authorization and approval of this Commission, to cancel its existing schedule of rates and charges for sewage disposal service and to file with the Commission, in lieu thereof, a new schedule of rates and charges which will enable it to realize net operating income adequate to provide safe, reliable, efficient and economical sewage disposal service and an opportunity to earn a reasonable return on pro forma rate base.

**Petitioner's Proposed Revisions to its
General Terms and Conditions for Sewage Disposal Service**

15. Petitioner is proposing certain revisions to its terms and conditions for sewage disposal service, which will be described in its prepared direct testimony and exhibits.

Procedural Matters

16. Petitioner will publish notice to its customers of the filing of this Verified Petition pursuant to Indiana Code § 8-1-2-61. Petitioner will give its residential customers further notice of the precise extent of the requested rate adjustments.

17. Pursuant to Rule 1-1.1-15(b) of the Commission's Rules (*i.e.*, 170 IAC 1-1.1-15(b)), Petitioner requests that a date be fixed for a prehearing conference and preliminary hearing for the purpose of establishing a procedural schedule in this proceeding and considering other procedural matters.

18. This Verified Petition is filed pursuant to Indiana Code § 8-1-242.7. Other provisions of the Public Service Commission Act, as amended, Indiana Code § 8-1-2-1 *et seq.*,

that may be applicable to the subject matter of this proceeding, include, but are not limited to: Indiana Code §§ 8-1-2-4, 6, 7, 9, 19, 24, 25, 34.5, 38, 39, 42, 61, 68, and 71.

19. The names and addresses of Citizens Wastewater of Westfield's attorneys in this matter, to whom all correspondence and communications in this Cause should be sent, are:

Michael E. Allen, Atty. No. 20768-49
Lauren Toppen, Atty. No. 23778-49
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kay.pashos@icemiller.com

Said attorneys are counsel for Citizens Wastewater of Westfield and are duly authorized to accept service of papers in this Cause on behalf of Petitioner.

20. In addition, papers filed in this proceeding should be served on:

LaTona S. Prentice
Vice President, Regulatory & External Affairs
Citizens Energy Group
2020 N. Meridian Street
Indianapolis, IN 46202
Telephone: (317) 927-4529
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Email: lprentice@citizensenergygroup.com

WHEREFORE, Citizens Wastewater of Westfield respectfully requests that the Indiana Utility Regulatory Commission make an investigation and hold such hearings as it shall deem necessary and advisable in this proceeding and thereafter make and enter an Order in this Cause:

- (i) Finding that Petitioner's existing rates and charges for sewage disposal service are unjust, unreasonable, insufficient and confiscatory and inadequate to provide a return

on the value of utility properties used and useful to provide sewage disposal service to customers;

- (ii) Determining, and by Order authorizing and approving just, reasonable, and sufficient rates and charges to be imposed by Citizens Wastewater of Westfield as set forth above, in lieu of such present rates and charges;
- (iii) Approving various changes in Citizens Wastewater of Westfield's terms and conditions of service;
- (iv) Authorizing and approving the filing of a revised schedule of rates and charges and terms and conditions of service applicable to the sewage disposal service rendered by Citizens Wastewater of Westfield, embodying the just and reasonable rates and charges and terms and conditions of service; and
- (v) Granting such other and further relief as the Commission may deem necessary and appropriate in the premises.

[Signature page follows]

DATED this 12th day of August, 2016.

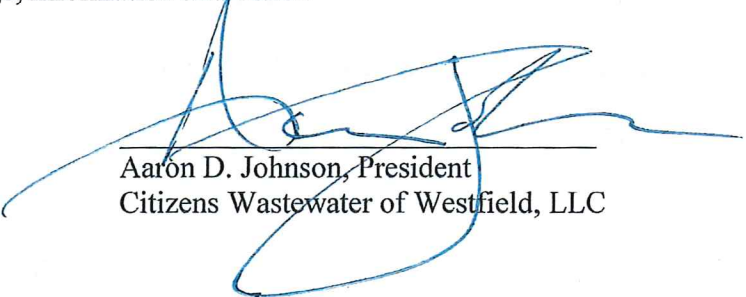
CITIZENS WASTEWATER OF WESTFIELD, LLC

By: 

Aaron D. Johnson, President

VERIFICATION

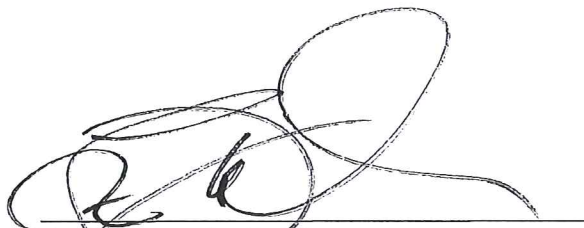
The undersigned affirms under the penalties for perjury that the foregoing representations are true to the best of his knowledge, information and belief.



Aaron D. Johnson, President
Citizens Wastewater of Westfield, LLC

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing "Verified Petition" of Citizens Wastewater of Westfield, LLC was served on the Indiana Office of Utility Consumer Counselor by electronic mail or by delivering a copy thereof to said office on this 12th day of August, 2016.


An Attorney for Petitioner,
Citizens Wastewater of Westfield, LLC

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